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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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Federal Communications Commission
Office of Secretary

In the Matter of)

Expedited Reconsideration of)

Implementation of the Non-Accounting)
Safeguards of Sections 271 and 272 of the)
Communications Act of 1934, as amended)

CC Docket No. 96-149

FURTHER COMMENTS OF WORLDCOM

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April 17, 1997

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SUMMARY

WorldCom urges the Commission to reject the RBOCs' unsupported attempts in this expedited reconsideration proceeding to rewrite Section 272(e)(4) of the 1996 Act. Contrary to the RBOCs' claims that this provision grants them independent authority to provide all interLATA facilities and services directly, the Act expressly prohibits the RBOCs from providing in-region interLATA services except through a wholly separate affiliate. Rather than granting the RBOCs an enormous loophole to the Act's separation and nondiscrimination requirements, Section 272(e)(4) only governs those interLATA and intraLATA services that the RBOCs can lawfully provide without a mandatory affiliate.

WorldCom believes that the questions posed in the Public Notice concerning the purported distinction between originating a "retail" service via Section 272(a) and providing a "wholesale" service via Section 272(e)(4) are entirely unnecessary. In its Order, the Commission rejected this very same argument by the RBOCs because there is no compelling evidence that Congress actually intended such a distinction. Neither provision even refers to wholesale or retail services; instead of these service-specific meanings, Congress gave the terms "origination" and "termination" precise geographical meanings. The legislative history also contains nothing suggesting that Section 272(a) pertains only to retail services. Further, no recognized telecommunications industry usage equates "origination" with "retail" service; in fact, WorldCom demonstrates through one of its carrier-to-carrier contracts that carriers ordinarily provide "origination" of traffic to each other on a wholesale basis.

The RBOCs' primary claim to the D.C. Circuit -- that Section 272(e)(4) of the Act completely overrides Section 271 and Section 272, thereby allowing the RBOCs to provide in-region interLATA services directly to their own affiliates -- also lacks credible support in the

words and intent of the Act. Section 272(a)(1) states unequivocally that an RBOC can only provide in-region interLATA service through a separate affiliate. The RBOCs were unable to offer the D.C. Circuit any proof that Congress intended for Section 272(e)(4) to completely undermine the comprehensive separation requirements of Section 272. Moreover, the RBOCs' reading of the provision simply makes no sense because it finds significant new authority in a provision buried amidst other provisions limiting the RBOCs' activities, and fails to account for the inclusion of intraLATA services for which the RBOCs need no federal grant of authority. WorldCom submits that the far more logical and compelling reading of Section 272(e)(4) is that it prohibits the RBOCs' from engaging in discrimination where the RBOC is permitted to provide interLATA facilities directly (without an affiliate), but chooses instead to use an affiliate.

The Commission also cannot ignore the real-world policy implications of adopting the RBOCs' interpretation of Section 272(e)(4). The RBOCs' proposed use of excess capacity on their official services networks to provide interLATA services to their affiliates would create serious discrimination and cost allocation problems. In particular, by converting local exchange facilities to long distance use, the RBOCs will create an enormous cross-subsidization problem as regulated local exchange facilities, paid for by local ratepayers, are used to compete against long distance companies. Therefore, the Commission should reaffirm its earlier correct decision that Section 272(e)(4) does not alter the requirements of Section 271 and Section 272(a).

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FURTHER COMMENTS OF WORLDCOM

WorldCom, Inc. ("WorldCom"), by its attorneys, hereby files its further comments in response to the Public Notice, DA 97-666, issued by the Commission on April 3, 1997 in the above-referenced proceeding.¹

I. INTRODUCTION AND SUMMARY

In its initial and reply comments in this proceeding,² WorldCom showed how structural separation is the central protection established by the Telecommunications Act of 1996 to deal with the dramatically heightened incentives and opportunities for the Regional Bell Operating Companies ("RBOCs") to discriminate against competitors when the RBOCs enter adjacent markets. Full implementation of all components of the structural separation provisions of the statute is necessary in order to protect competitors who will continue to rely on the RBOCs' local exchange and exchange access networks as unavoidable inputs in their efforts to

¹ WorldCom was formerly LDDS WorldCom and MFS Communications, Inc. These two companies completed a merger on December 31, 1996.

² See Comments of LDDS WorldCom, CC Docket No. 96-149, filed August 15, 1996; Reply Comments of LDDS WorldCom, CC Docket No. 96-149, filed August 30, 1996.

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compete with the RBOCs across all telecommunications markets.³

In its First Report and Order in this proceeding, the Commission concluded that Section 272(e)(4) does not grant separate authority for the RBOCs to provide interLATA services prior to receiving Section 271 authority.⁴ The Commission concluded further that Section 272(e)(4) is not a separate grant of authority for an RBOC to provide interLATA services directly, including wholesale interLATA services provided to its interLATA affiliate, after receiving Section 271 authority.⁵

Several RBOCs filed a motion with the U.S. Court of Appeals for the D.C. Circuit seeking summary reversal of the Non-Accounting Safeguards Order.⁶ The Commission responded by asking the court to defer consideration of the RBOC motion pending the Commission's expedited reconsideration of an argument advanced by the RBOCs before the court that was not presented to the Commission until after the rulemaking record had closed in

³ MFS also filed comments showing that the RBOCs can provide interLATA information services only through a separate subsidiary. See Comments of MFS Communications Company, Inc., CC Docket No. 96-149, filed August 15, 1996, at 14-25; Reply Comments of MFS Communications Company, Inc., CC Docket No. 96-149, filed August 30, 1996, at 13-20.

⁴ Implementation of the Non-Accounting Safeguards of Sections 271 and 272 of the Communications Act of 1934, as amended, CC Docket No. 96-149, First Report and Order and Notice of Proposed Rulemaking, FCC 96-489, issued December 24, 1996, at paras. 261-67 ("Non-Accounting Safeguards Order").

⁵ Id.

⁶ Bell Atlantic v. FCC, No. 97-1067, Motion of Bell Atlantic and Pacific Telesis for Summary Reversal or for Expedition (D.C. Cir. filed Feb. 11, 1997) ("RBOC Motion for Summary Reversal").

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the proceeding.⁷ The Commission informed the court that the RBOCs' motion for summary reversal did not challenge the Non-Accounting Safeguards Order's previous findings that Section 271 approval is required before an RBOC is authorized to provide in-region interLATA services, or that such services must be provided only through a separate affiliate.⁸ Nor did the RBOCs press their prior argument, rejected in the Commission's Order, that Section 272(a) applies only to "originating" traffic (which the RBOCs translate as "retail" services offered to the public), while Section 272(e)(4) applies to "wholesale," carrier-to-carrier offerings. The RBOCs claim such an interpretation would allow them to provide such services directly to their affiliates.⁹ Rather, the RBOCs assert that Section 272(e)(4) "unambiguously" authorizes an RBOC directly to offer any long distance facilities and services -- including excess capacity on its official services networks -- to its affiliates, so long as the RBOC makes those same facilities and services available to other carriers on the same terms and conditions.¹⁰ The Commission sought remand because it could not rule on this "plain language" argument that was not presented in any of the RBOCs' comments.¹¹ The court granted the Commission's request on March 31,

⁷ Bell Atlantic v. FCC, No. 97-1067, Motion of FCC for Remand to Consider Issues (D.C. Cir. filed Feb. 25, 1997) ("FCC Motion for Remand").

⁸ FCC Motion for Remand at 3; see RBOC Motion for Summary Reversal at 7.

⁹ FCC Motion for Remand at 3.

¹⁰ FCC Motion for Remand at 3; see RBOC Motion for Summary Reversal at 3, 7.

¹¹ FCC Motion for Remand at 3.

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1997.¹²

The Public Notice seeks comments on specific issues related to Section 272(e)(4). Among the issues raised in the Notice is (1) whether "originating" a service is strictly a retail concept; and (2) whether discrimination and cost allocation concerns are less serious in the context of an RBOC's wholesale provisioning of in-region interLATA services.¹³ Commenters are also urged to address any other relevant issues.

II. SECTION 272(e)(4) DOES NOT PERMIT THE RBOCs TO EVADE THE BLANKET PROHIBITION OF SECTION 272(a)

To understand Section 272(e)(4), it cannot be read in isolation, but instead must be given meaning in the context of all other provisions of the 1996 Act governing the RBOCs' competitive activities. Section 271(a) states that neither an RBOC nor its affiliate may provide interLATA services except as provided elsewhere in Section 271.¹⁴ Under Section 271(b)(1), an RBOC and its affiliate can provide "interLATA services originating in any of [the RBOC's] in-region States" only after FCC approval.¹⁵ In contrast, an RBOC and its affiliate can provide interLATA services originating outside its in-region States (Section 271(b)(2)), and incidental interLATA services "originating in any State" (Section 271(b)(3)), immediately upon enactment

¹² Bell Atlantic v. FCC, No. 97-1067, Order (D.C. Cir. March 31, 1997).

¹³ Public Notice at 2.

¹⁴ 47 U.S.C. § 271(a).

¹⁵ 47 U.S.C. § 271(b)(1).

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of the Act.¹⁶ Section 271(b)(4) states that nothing in the statute prohibits an RBOC or its affiliate from providing "termination for interLATA services," subject to the restriction that certain services that "terminate in an in-region State" (e.g., 800 service) are considered in-region services.¹⁷

Section 272, which is entitled "Separate Affiliate; Safeguards," prohibits an RBOC or any affiliate from providing certain services without using an affiliate separate from the operating company.¹⁸ Section 272(a), "Services for Which a Separate Affiliate is Required," sets out the various services which an RBOC can provide only via a separate affiliate, including the "[o]riginat[i]on of [in-region] interLATA telecommunications services...."¹⁹

Section 272(e), entitled "Fulfillment of Certain Requests," applies to an RBOC and its affiliate subject to the requirements of Section 251(c).²⁰ The RBOC and its affiliate are required to: (1) fulfill any requests for local exchange and exchange access service on nondiscriminatory basis; (2) provide facilities, services, or information concerning the provision of exchange access service to its affiliate only on an nondiscriminatory basis; and (3) charge the

¹⁶ 47 U.S.C. § 271(b)(2), (b)(3).

¹⁷ 47 U.S.C. § 271(b)(4).

¹⁸ 47 U.S.C. § 272.

¹⁹ 47 U.S.C. § 272(a).

²⁰ 47 U.S.C. § 272(e).

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affiliate or itself the same access charges that unaffiliated carriers must pay.²¹ Subsection (e)(4) states that an RBOC and its affiliate:

may provide any interLATA or intraLATA services to its interLATA affiliate if such services or facilities are made available to all carriers at the same rates and on the same terms and conditions, and so long as the costs are appropriately allocated.²²

It is this provision that is the focus of claims that, irrespective of the other requirements of the Act, the RBOCs are permitted to provide in-region interLATA services and facilities directly to their affiliates on a wholesale basis. As will be explained below, however, Section 272(e)(4) applies only to those services the RBOC can lawfully provide without a mandatory affiliate.

A. There Is No Wholesale/Retail Distinction In Section 272

Even though the Commission indicated to the court that this expedited reconsideration proceeding would not revisit the RBOCs' argument about a "wholesale" versus "retail" distinction -- an argument the Commission expressly rejected in its Order²³ -- the Notice nonetheless raises the issue once again. While WorldCom disagrees with the need to revisit this settled issue, these comments will address the point before moving to the RBOCs' primary argument.

Simply put, the RBOCs' attempted dichotomy between a "retail" Section 272(a)

²¹ 47 U.S.C. § 272(e)(1), (e)(2), (e)(3).

²² 47 U.S.C. § 272(e)(4).

²³ Order at paras. 262-265.

and a "wholesale" Section 272(e)(4) does not exist. There is absolutely no evidence to support this extremely strained interpretation. First, neither section refers in any way to wholesale or retail services, but instead discusses the origination and termination of interLATA traffic. Based on Congress' usage of the terms in Section 271, "origination" and "termination" have precise geographical meanings, not service-specific meanings, as the RBOCs would have it. Congress clearly established a distinction between interLATA traffic "originating" from inside or outside an RBOC's region, versus the "termination" of interLATA traffic, or services that "terminate" in-region. There is not even a hint that these terms imply wholesale or retail services.

If Congress truly had intended to create a wholesale/retail dichotomy between Section 272(e)(4) and Section 272(a), it would have said so. Indeed, in other provisions of the Act, Congress shows that, where it decides to create just such a distinction, it will do so in plain, straightforward language. For example, in Section 251(c)(4)(A), the Commission establishes a duty for LECs to provide telecommunications services "at retail" for resale to carriers "at wholesale rates...."²⁴ Section 251(c)(4)(B) discusses other aspects of the RBOCs' provision of retail services at wholesale rates, while Section 252(d)(3) sets "wholesale rates on the basis of retail rates...."²⁵ These provisions demonstrate that Congress was well aware of the concepts of wholesale and retail services, and readily refers to them in just that way.

The legislative history also contains nothing that suggests that Section 272(a)

²⁴ 47 U.S.C. § 251(c)(4)(A).

²⁵ 47 U.S.C. § 252(d)(3).

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pertains only to retail services, and Section 272(e)(4) to wholesale services. Instead, the Joint Conference Report states that Section 272 sets out the requirements for the RBOCs' "provision of interLATA services originating in an in-region State...."²⁶ Congress could hardly be more clear.

Further, no recognized telecommunications industry usage equates "origination" with "retail" service. The Modified Final Judgment ("MFJ"), which preceded the 1996 Act, contains no distinction between wholesale and retail rates, or any exception to the general interLATA prohibition for wholesale interLATA services.²⁷ This strongly implies that the MFJ Court discerned no such distinction, either. In fact, there is clear evidence that, in the telecommunications industry, origination means origination, and includes services such as exchange access provided between carriers on a wholesale basis. For example, WorldCom's wholesale arm, WilTel, offers a typical service contract to provide various switched services to carrier customers. This carrier-to-carrier contract includes WilTel's provision of "Termination Service" (the termination of calls to WilTel's facilities), "800 Origination Service" (the origination of calls from WilTel's facilities), and "Switched Service," "Dedicated Access Service," and "Travel Card Service" (the origination and termination of calls over WilTel's

²⁶ S. Conf. Rep. No. 104-230, 104th Cong., 2d Sess. 150 (1996), at 33 ("Conference Report").

²⁷ United States v. AT&T, 552 F.Supp. 131 (D.D.C. 1982), aff'd sub nom. Maryland v. U.S., 460 U.S. 1001 (1983).

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facilities).²⁸ The contract specifies that all these wholesale services involve the origination and termination of traffic between WilTel's network and the carrier customer's facilities.²⁹ Contrary to the RBOCs' claims, nowhere does this or any other WilTel contract equate the origination of switched traffic with retail service.³⁰

Because the RBOCs' wholesale/retail distinction has absolutely no support in the text of the statute, the legislative history, or common industry parlance and practice, the Commission is without authority to even consider creating such a statutory distinction out of thin air. WorldCom is concerned that the questions posed in the Public Notice -- which posit whether, for example, statutory concerns about discrimination and cost misallocation are "less serious" when the RBOC provides in-region interLATA services and facilities to its affiliate on a wholesale basis³¹ -- are completely inappropriate without substantial, compelling evidence that Congress actually intended such a distinction. As a result, WorldCom submits that the

²⁸ See Attachment A (WilMAX Universal Telecommunications Services Agreement, Service Schedule, dated August 1, 1996, at Section 1 (WilMax Services) (portions redacted)).

²⁹ Id. at Section 12 (Limitation of Origination or Termination Locations).

³⁰ Indeed, the RBOCs' claimed wholesale/retail distinction is rendered meaningless by the Commission's own longstanding nondiscrimination policy recognizing that end user customers have the same right as carriers to purchase wholesale services from the ILECs' access tariffs. See, e.g., First Data Resources, Inc., Memorandum Opinion and Order, Mimeo No. 4732, rel. May 28, 1986 (carriers cannot discriminate in providing their access services to carrier customers and end user customers). Given the continuing applicability of this policy, the RBOCs' claim that Section 272(e)(4) exempts wholesale services from the Act's safeguards would quickly become the exception that swallows the rule.

³¹ Public Notice at 2-3.

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Commission should not even reach this question. Nonetheless, as part of its broader discussion below, WorldCom will discuss certain aspects of this policy question.

B. The Commission Correctly Concluded That Section 272(e)(4) Is Not A Separate Grant Of Authority To The RBOCs

The RBOCs' primary claim is that Section 272(e)(4) of the Act somehow completely overrides Section 271 and Section 272, so that the RBOCs are free to provide in-region interLATA services directly, including to their own affiliates. Again, this claim finds no basis in either the words or the intent of the Act, and in fact goes against the grain of the statute.

As explained above, Section 272(a)(1) states in plain English that an RBOC, and its affiliates, "may not provide [in-region interLATA service] unless it provides that service through one or more affiliates...."³² The RBOCs would have the Commission rewrite this unequivocal provision -- which, after all, is called "Services for Which a Separate Affiliate is Required" -- to state that the RBOCs may provide in-region interLATA service, even if not through one or more affiliates.

The RBOCs offered the court no proof that Congress intended that Section 272(e)(4) effectively trump much of the rest of Sections 271 and 272. Certainly the legislative history offers no suggestion of such intent. Indeed, the Joint Conference Report states, plainly

³² 47 U.S.C. § 272(a)(1) (emphasis added).

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and without qualification, that in-region interLATA services "must be separated from the entity providing telephone exchange service...."³³ In contrast, Section 272(e)(4) was adopted without any in-depth discussion of its meaning, which strongly suggests that the provision was never meant to be construed as the enormous loophole that the RBOCs portray.

The RBOCs' interpretation would do considerable violence to every aspect of the comprehensive separation requirements of Section 272. For example, Section 272(b)(1) requires the separate affiliate to "operate independently" from the RBOC, while Section 272(b)(5) states that an RBOC must conduct "all transactions" with its affiliate on an "arm's length basis."³⁴ In its motion to the court, however, Bell Atlantic stated that, because it "own[s] some facilities, equipment and related support systems that can be used to provide both local and long distance service," it "intends to place the construction, ownership and operation of its long distance network in its operating companies."³⁵ Similarly, Section 272(b)(3) requires the RBOC affiliate to have separate employees from the RBOC.³⁶ Yet Bell Atlantic informed the court that it sought to use the very same employees to manage both the local and long distance facilities.³⁷ It makes absolutely no sense for Congress to impose detailed and comprehensive separation and

³³ Conference Report at 35.

³⁴ 47 U.S.C. § 272(b)(1), (b)(5).

³⁵ RBOC Motion for Summary Reversal, Declaration of James G. Cullen, Vice Chairman, Bell Atlantic Corporation, at 2 ("Cullen Declaration").

³⁶ 47 U.S.C. § 272(b)(3).

³⁷ Cullen Declaration at 2.

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nondiscrimination requirements on the RBOCs' long distance affiliates, if they could be so easily evaded.

The RBOCs' reading of the provision also makes no logical sense. First, if Section 272(e)(4) means what the RBOCs claim, there is no discernable reason why Congress would choose to hide it away in a section titled "Fulfillment of Certain Requests," and attach it to the end of three other provisions that limit, not expand, the RBOCs' activities. Moreover, if Section 272(e)(4) is an independent grant of authority to the RBOCs, there would be no reason to include intraLATA services and facilities. An RBOC obviously does not need a grant of federal authority to provide intraLATA services.

The far more logical reading of Section 272(e)(4) is, like subsections (e)(1), (e)(2), and (e)(3), it serves as a limitation on what the RBOCs can do. In this case, the provision prohibits the RBOCs' from engaging in discrimination where the RBOC is permitted to provide interLATA facilities directly (without an affiliate), but chooses instead to use an affiliate. In other words, Section 272(e)(4) applies to those services the RBOC can lawfully provide without a mandatory affiliate, such as incidental, out-of-region, and previously authorized interLATA services. This view is buttressed by the fact that the provision would continue to apply to the RBOCs even after the separate affiliate requirement sunsets (three years after RBOC entry to the pertinent in-region market).³⁸ Because Section 272(e)(4) is exempted from sunset, it would continue to apply as a general nondiscrimination requirement governing

³⁸ 47 U.S.C. § 272(f)(1).

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the RBOCs' provision of all interLATA and intraLATA facilities and services. This reading correctly takes into account the overarching language of Section 272(a), the detailed nondiscrimination restrictions of Section 272(b), subsection (e)(4)'s placement among other limiting provisions, and its broad applicability to any interLATA or intraLATA services.

Finally, aside from all the statutory problems discussed above, a separate issue is the real-world policy implications raised by adopting the RBOCs' interpretation of Section 272(e)(4). The RBOCs reveal in their submissions to the court that their intention is to use excess capacity on their so-called "official services networks" to provide long distance services directly to their affiliates. Specifically, the RBOCs have told the court that they plan to place their official network facilities in the operating company, so that the RBOC would "retain ownership" and "receiv[e] compensation" for leasing these facilities to other carriers, including its affiliate.³⁹

In 1983, the MFJ court originally denied AT&T's request to assume control over the RBOC's interLATA official services networks precisely because the RBOCs claimed to need those networks to manage the operation of their local exchange services.⁴⁰ These networks were intended to perform various local exchange support functions, such as connecting directory assistance operators and customers in different LATAs and monitoring and controlling local trunks and switches. The MFJ court stressed that these networks were being provided to the

³⁹ Cullen Declaration at 10, 11.

⁴⁰ United States v. Western Electric Co., 569 F.Supp. 1057, 1097-1101 (D.D.C. 1983) (subsequent history omitted).

RBOCs only for their "own internal, official purposes," and were not meant "for hire" to other entities.⁴¹ The RBOCs' proposed expanded use of those networks obviously far exceeds their original purpose.

WorldCom believes that the RBOCs' proposed use of their official networks to provide interLATA services to their affiliates would create serious discrimination and cost allocation problems. As the Commission indicated in the Order, the RBOCs are prohibited from providing interLATA network services directly to their affiliate, and can only provide facilities by transferring ownership to the affiliate in a nondiscriminatory manner that comports with the affiliate transaction rules.⁴² Those rules are intended to prevent the non-compensatory sale or transfer of regulated assets between an RBOC and its affiliates.⁴³ The Commission explained elsewhere in the Order that this restriction is consistent with the Act and will help prevent the RBOCs from circumventing the Section 272 requirement by simply giving their local exchange and exchange access facilities and capabilities to their affiliates.⁴⁴ In particular, an RBOC seeking to transfer ownership of its official services network to its affiliate must give all unaffiliated entities "an equal opportunity to obtain ownership of this facility."⁴⁵ The RBOCs

⁴¹ Id. at 1100.

⁴² Order at para. 266.

⁴³ See 47 C.F.R. § 32.27(b).

⁴⁴ See Order at para. 309.

⁴⁵ Order at para. 218.

complained to the court that these rules unfairly constrain them to providing their facilities "for sale at auction to the highest bidder."⁴⁶ Should the RBOCs' interpretation of Section 272(e)(4) prevail, however, those necessary nondiscrimination protections offered by the Act would simply vanish.⁴⁷

Moreover, there is a serious question whether the costs of deploying and maintaining the official services networks will be "appropriately allocated," as required by the statute. As the MFJ court recognized, these networks have been built and maintained over the years using local ratepayer funds, ostensibly for local service functions. As Bell Atlantic's Cullen puts it, however, these "facilities, equipment and related support systems [] can be used to provide both local and long distance service."⁴⁸ What the RBOCs seek, in essence, is permission to convert local exchange facilities to long distance use. The resulting cross-subsidization dilemma -- regulated local exchange facilities, paid for by local ratepayers, being used to compete against long distance companies -- cannot be countenanced by any fair reading of the 1996 Act.

⁴⁶ RBOC Motion at 10; see also id. at 4.

⁴⁷ This problem is further exacerbated by the fact that the RBOCs alone are ideally positioned to capitalize on use of what the Commission itself calls a "unique facility." Order at para. 218. While some portions of the official services networks may be of some value to some carriers, only the RBOCs will seek to use every element of their in-region networks to provide long distance services. If nondiscrimination requirements are not in place to govern the transfer of these facilities, the RBOCs' long distance affiliates will be handed an unfair competitive advantage solely by virtue of their parents' monopoly position.

⁴⁸ Cullen Declaration at 2.

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Thus, the Commission should reaffirm its earlier correct decision that Section 272(e)(4) does not alter the requirements of Section 271 and Section 272(a). As discussed above, WorldCom believes that the key to interpreting Section 272(e)(4) is determining what implied conditional phrase most appropriately applies. While the RBOCs would read into the provision the radical implication "despite all the requirements and conditions established above," WorldCom believes that the far more supportable and reasonable reading includes an implication that the provision applies "within the context of all the requirements and conditions established above." Viewed in this way, there is simply no statutory basis for the RBOCs' assertion that Section 272(e)(4) grants them an unallayed ability to provide interLATA services outside the confines of the Act's express separation requirements.

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III. CONCLUSION

The Commission should act in accordance with the recommendations proposed herein by WorldCom.

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April 17, 1997

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ATTACHMENT A

WORLDCOM NETWORK SERVICES, INC.

(d/b/a WilTel)

WilMAX Universal

Telecommunications Services Agreement

August 1, 1996

(portions redacted)

TELECOMMUNICATIONS SERVICES AGREEMENT

This TELECOMMUNICATIONS SERVICES AGREEMENT (hereinafter referred to as the "Agreement" or the "TSA") is entered into as of the ____ day of _____, 199__, by and between WORLD COM NETWORK SERVICES, INC. d/b/a WilTel, a Delaware corporation, with its principal office at One Williams Center, Tulsa, Oklahoma, 74172 ("WilTel") and _____ a _____ corporation, with its principal office at _____ ("Customer").

WITNESSETH:

WilTel agrees to provide and Customer agrees to accept switched telecommunications services ("Switched Services") and other associated services (collectively the "Services"), (i) as described in the Service Schedules identified herewith, (ii) subject to the terms and conditions contained in this Agreement, including without limitation those terms and conditions contained in the Program Enrollment Terms ("PET") which are attached hereto and incorporated herein by reference, and (iii) in conformity with each Service Request (described below) which is accepted hereunder.

In the event of a conflict between the terms of this Agreement, the PET, the Service Schedule and the Service Request(s), the following order of precedence will prevail: (1) PET, (2) Service Schedule, (3) the Agreement, and (4) Service Request(s).

NOW, THEREFORE, in consideration of the above premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Applicable Terms.

(A) Service Term This Agreement shall commence as of the Effective Date set forth in the PET and shall be subject to the "Service Term" as described therein (which Service Term shall include any automatic extensions). Customer shall be liable for all charges associated with actual usage of the Service in question during the Service Term and any extension thereof.

(B) PET The PET, as subscribed to by the parties, shall set forth the Discount Schedule applicable to Switched Service charges due under this Agreement, Customer's Minimum Monthly Commitment, if

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SERVICE SCHEDULE

This Service Schedule is made as of the ____ day of _____, 199____, by and between WorldCom Network Services, Inc. d/b/a WilTel ("WilTel") and _____ ("Customer") and is a part of their agreement for switched services, identified as TSA# ____ - ____ (the "Agreement"). Neither Customer nor WilTel shall be obligated with respect to the Service described below, nor any other condition of Service until Customer has submitted and WilTel has accepted a Service Request with respect to the particular Services.

1. **WILMAX SERVICES:** During the Service Term of the Agreement, WilTel will provide the following Services (all as more particularly described herein), (i) to and from the locations below, (ii) for the charges set forth in the Program Enrollment Terms (the "PET") dated concurrently herewith, and (iii) subject to the Discount Schedule, if any, set forth in the PET:

(a) WilMAX Extended Network Termination Service ("**TERMINATION Service**") which is WilTel's termination of calls received from Customer's Service Interconnection(s).

(b) WilMAX Extended Network 800 Service ("**800 ORIGINATION Service**") which is the origination of calls by WilTel and the termination of such calls to Customer's Service Interconnection(s).

(c) WilMAX Switched Access Service ("**SWITCHED Service**") which is the origination and termination of calls solely over facilities comprising the WilTel network.

(d) WilMAX Dedicated Access Service ("**DEDICATED ACCESS Service**") which is the origination and termination of calls solely over facilities comprising the WilTel network.

(e) WilMAX TRAVEL CARD Service ("**TRAVEL CARD Service**") which is the origination and termination of calls solely over facilities comprising the WilTel network.

2. **START OF SERVICE:**

(a) Start of Service for TERMINATION Service will occur concurrently with the activation of each circuit comprising Service Interconnections relevant to WilTel TERMINATION Service.

(b) Start of Service for 800 ORIGINATION Service will occur concurrently with the activation of each circuit comprising Service Interconnections relevant to 800 ORIGINATION Service.

(c) Start of Service for SWITCHED Service will occur on (i) an ANI by ANI basis concurrently with the activation of each ANI to be served, and (ii) an 800 Number by 800 Number basis concurrently with the activation of each 800 Number.

(d) Start of Service for DEDICATED ACCESS Service will occur concurrently with the activation of each circuit comprising Service Interconnections relevant to DEDICATED ACCESS Service.

(e) Start of Service for TRAVEL CARD Service will occur on a Code by Code basis concurrently with the activation of each Code.

3. SERVICE INTERCONNECTIONS - TERMINATION SERVICE AND 800 ORIGINATION SERVICE:

(a) In order to utilize TERMINATION Service and 800 ORIGINATION Service, one or more full time dedicated connections between Customer's network and the WilTel network at one or more WilTel designated locations ("WilTel POP") must be established ("Service Interconnection(s)"). Each Service Interconnection shall be comprised of one or more DS-1 circuits.

(b) The circuit(s) comprising each Service Interconnection to a WilTel POP shall be requested by Customer on the appropriate WilTel Service Request. Each Service Request for TERMINATION Service or 800 Origination Service will describe (among other things) the WilTel POP to which a Service Interconnection is to be established, the Requested Service Date therefor, the type and quantity of circuits comprising the Service Interconnection and any charges and other information relevant thereto, such as, Customer's terminating or originating switch location, as the case may be. Such additional information may be obtained from Customer or gathered by WilTel and recorded in Technical Information Sheets provided by WilTel.